

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-02 SS-15 NSC-05 PA-02

PRS-01 USIA-15 /072 W

----- 129268

R 121813Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6634

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMCONSUL MONTREAL

AMEMBASSY NICOSIA

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

UNCLAS SECTION 01 OF 02 PARIS 03829

E. O. 11652: N/A

TAGS: EAIR, XT

SUBJECT: CIVAIR: ECAC PRESS RELEASE ON FARES

1. ECAC ISSUED PRESS RELEASE FEB. 12 SETTING FORTH

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ITS VIEWS ON NORTH ATLANTIC SCHEDULED FARES AND

CHARTER RATES. ECAC SECRETARIAT CONFIRMS THAT PRESS RELEASE DOES NOT FOLLOW ANY FURTHER MEETING OF DGCA'S AFTER THEIR MID JANUARY MEETING (PARIS 2567), BUT IS RESULT OF TELEX CONSULTATIONS WITH DGCA'S FOR THEIR VIEWS FOLLOWING IATA APPROVAL NORTH ATLANTIC FARES PACKAGE LATE JANUARY. SINCE PRESS RELEASE REAFFIRMS ECAC SUPPORT FOR A CHARTER FLOOR PRICE, WE FELT THAT TELEGRAPHIC TRANSMISSION OF FULL TEXT OF PRESS RELEASE MIGHT BE DESIRABLE IN VIEW OF WIRE SERVICE REPORTS OF CAB WITHDRAWAL FEB. 11 OF ITS OWN MINIMUM CHARTER RATE PROPOSALS.

2. TEXT OF PRESS RELEASE FOLLOWS.

"EUROPEAN CIVIL AVIATION ADMINISTRATIONS APPROVE POLICIES TO MAINTAIN ORDER IN NORTH ATLANTIC AIR FARES AND CHARTER PRICES.

"PARIS, 12 FEBRUARY 1975 - THE DIRECTORS GENERAL OF CIVIL AVIATION OF ECAC MEMBER STATES NOTE WITH SATISFACTION THAT AFTER LENGTHY AND DIFFICULT NEGOTIATIONS IATA HAS REACHED AGREEMENT ON NORTH ATLANTIC SCHEDULED FARES TO COME INTO EFFECT FROM 1 APRIL 1975. THEY FEEL THAT ANY ACTION WHICH COULD ENDANGER THE IMPLEMENTATION OF THIS NEW IATA PACKAGE SHOULD BE AVOIDED.

"MR. VICTOR VERES, DIRECTOR GENERAL OF CIVIL AVIATION OF PORTUGAL AND PRESIDENT OF THE CONFERENCE, EXPLAINING THE VIEWS OF ECAC ON THE SITUATION AND THE POLICIES IT HAS ADOPTED, SAID: 'MY COLLEAGUES AND I ARE UNANIMOUS IN BELIEVING THAT, WHATEVER DIFFERENCES OF OPINION THERE MAY BE ABOUT DETAILS OF THE FARE STRUCTURE, THE MOST URGENT TASK BEFORE GOVERNMENTS IS TO ENSURE THE MAINTENANCE ON THESE VITAL ROUTES OF A STABLE REGIME OF SCHEDULED FARES RELATED TO CHARTER PRICES. IN OUR OPINION, THE IATA AGREEMENT MOVES CLOSER TOWARDS THE OBJECTIVES THAT THE COUNTRIES ON BOTH SIDES OF THE ATLANTIC HAVE IN MIND. AS REGARDS CHARTERS, ECAC HAS FOR MANY YEARS BEEN IN FAVOUR OF A PRICE FLOOR. THE LATEST RECOMMENDATIONS IT HAS ADOPTED FOR ITS MEMBER STATES

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PRS-01 USIA-15 /072 W

----- 129291

R 121813Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6635

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

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AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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IN THIS RESPECT DEAL WITH ALL TYPES OF CHARTER FLIGHTS  
ON THE NORTH ATLANTIC.

"THE FIRST RECOMMENDATION DEALS WITH INCLUSIVE TOUR

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CHARTERS (ITCS). ECAC STATES WHICH AUTHORIZE ITCS ARE

INVITED TO REGULATE SUCH FLIGHTS BY APPLYING CERTAIN CONDITIONS INCLUDING MINIMUM PRICES WHICH ARE FIXED AT THE LOWER OF TWO FIGURES, NAMELY THE MINIMUM TOUR PRICE AVAILABLE ON IATA SCHEDULED SERVICES OR 110 PERCENT OF CERTAIN CORRESPONDING IATA GROUP INCLUSIVE TOUR (GIT) FARES, WITH ADJUSTMENTS ACCORDING TO THE DURATION OF THE TOUR.

"THE SECOND RECOMMENDATION COVERS OTHER FORMS OF CHARTER, PARTICULARLY ADVANCE BOOKING CHARTERS (ABCS). MINIMUM RETAIL PRICES, EXPRESSED IN TERMS OF US CENTS PER SEAT STATUTE-MILE, ARE RECOMMENDED. THESE PRICES ARE 3.34 US CENTS IN THE WINTER, 3.57 US CENTS IN THE SHOULDER PERIODS, AND 4.39 US CENTS IN THE SUMMER PEAK. THE RECOMMENDATION ALSO ESTABLISHES MINIMUM WHOLESALE PRICES FOR ABCS AND ENCOURAGES ECAC STATES TO USE BOTH SETS OF FIGURES AS GUIDELINES WHEN CONSIDERING APPLICATIONS FOR CHARTERS OTHER THAN ABCS AND ITCS.

"ECAC IS CONSCIOUS OF THE NEED TO KEEP FARES AND PRICES AS LOW AS IS REASONABLY POSSIBLE. IT IS ALSO IN FAVOUR OF FAIR COMPETITION, BOTH BETWEEN SCHEDULED AND CHARTER AIRLINES AND WITHIN THOSE GROUPS. BUT SCHEDULED FARES AND CHARTER PRICES MUST ALSO BE HIGH ENOUGH TO PROVIDE THE EFFICIENT OPERATOR WITH A REASONABLE RETURN ON INVESTMENT AND TO REDUCE THE NEED FOR SUBSIDIES. EXCESSIVE COMPETITION BETWEEN SCHEDULED AND NON-SCHEDULED CARRIERS HAS LED TO SERIOUS LOSSES FOR MOST OPERATORS. ECAC HAS THEREFORE FOUND IT APPROPRIATE THAT AN INTERNATIONALLY ACCEPTED RELATIONSHIP BETWEEN SCHEDULED TARIFFS AND CHARTER PRICES SHOULD BE ESTABLISHED."

RUSH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, MEETINGS, AIR SCHEDULES, AIR FARES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
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**Review Date:** 02 MAY 2003  
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**Review Exemptions:** n/a  
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Margaret P. Grafeld  
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US Department of State  
EO Systematic Review  
05 JUL 2006

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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR: ECAC PRESS RELEASE ON FARES  
**TAGS:** EAIR, XT, ECAC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006